

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

1

QUARTERLY FINANCIAL REPORTING FORM

Submitted on 5/14/2004 10:16:09 AM

		1
1.	FOR THE QUARTER ENDING:	March 31, 2004
2.	Name:	Western Dental Services, Inc.
3.	File Number:(Enter last three digits) 933-0	224
4.	Date Incorporated or Organized:	August 24, 1984
5.	Date Licensed as a HCSP:	May 31, 1985
6.	Date Federally Qualified as a HCSP:	Not Applicable
7.	Date Commenced Operation:	September 1, 1985
8.	Mailing Address:	P. O. Box 14227, Orange, CA 92863
9.	Address of Main Administrative Office:	530 South Main Street, Orange, CA 92868
10.	Telephone Number:	(714) 480-3000
11.	HCSP's ID Number:	33-0065869
12.	Principal Location of Books and Records:	530 South Main Street, Orange, CA 92868
13.	Plan Contact Person and Phone Number:	Samuel H. Gruenbaum - (714) 480-3000
14.	Financial Reporting Contact Person and Phone Number:	David L. Joe - (714) 571-3572
15.	President:*	Samuel H. Gruenbaum
16.	Secretary:*	Susan Rule Sandler
17.	Chief Financial Officer:*	David L. Joe
18.	Other Officers:*	Stanley Andrakowicz
19.		Jonna Greenlee
20.		Wayne Butts
21.		
22.	Directors:*	David T. Beauchamp
23.		Samuel H. Gruenbaum
24.		Stanley Andrakowicz
25.		David L. Joe
26.		
27.		
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32.	President	Samuel H. Gruenbaum (please type for valid signature)
33.	Secretary	Susan Rule Sandler (please type for valid signature)
34.	Chief Financial Officer	David L. Joe (please type for valid signature)
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.		
35.	Check if this is a revised filing, and complete question 7 on page 2: <input type="checkbox"/>	
36.	If all dollar amounts are reported in thousands (000), check here: <input type="checkbox"/>	

Check My Work

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

QUARTERLY FINANCIAL REPORTING FORM

SUPPLEMENTAL INFORMATION

		1
1.	Are footnote disclosures attached with this filing?	Yes <input type="button" value="v"/>
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	Yes <input type="button" value="v"/>
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No <input type="button" value="v"/>
4.	Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	No <input type="button" value="v"/>
5.	Are there any significant changes reported on Schedule G, Section III?	No <input type="button" value="v"/>
6.	If "yes", describe:	
7.	If this is a revised reporting form, what is/are the reason(s) for the revision?	

STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

REPORT #1 ---- PART A: ASSETS

1	2
CURRENT ASSETS:	Current Period
1. Cash and Cash Equivalents	3,453,199
2. Short-Term Investments	8,058,846
3. Premiums Receivable - Net	1,132,223
4. Interest Receivable	0
5. Shared Risk Receivables - Net	0
6. Other Health Care Receivables - Net	57,661,962
7. Prepaid Expenses	1,296,907
8. Secured Affiliate Receivables - Current	0
9. Unsecured Affiliate Receivables - Current	0
10. Aggregate Write-Ins for Current Assets	96,711
11. TOTAL CURRENT ASSETS (Items 1 to 10)	71,699,848
OTHER ASSETS:	
12. Restricted Assets	50,000
13. Long-Term Investments	0
14. Intangible Assets and Goodwill - Net	14,567
15. Secured Affiliate Receivables - Long-Term	0
16. Unsecured Affiliate Receivables - Past Due	0
17. Aggregate Write-Ins for Other Assets	840,651
18. TOTAL OTHER ASSETS (Items 12 to 17)	905,218
PROPERTY AND EQUIPMENT	
19. Land, Building and Improvements	0
20. Furniture and Equipment - Net	6,431,187
21. Computer Equipment - Net	1,205,165
22. Leasehold Improvements -Net	4,400,484
23. Construction in Progress	841,316
24. Software Development Costs	0
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	12,878,152
27. TOTAL ASSETS	85,483,218
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
1001. Other Receivable	96,711
1002.	
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	96,711
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS	
1701. Prepaid Deposit-Long Term	801,926
1702. Lease Cost-Net	38,725
1703.	
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	840,651
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
CURRENT LIABILITIES:	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	4,774,566	XXX	4,774,566
2. Capitation Payable	0	XXX	0
3. Claims Payable (Reported)	20,472		20,472
4. Incurred But Not Reported Claims	153,661		153,661
5. POS Claims Payable (Reported)	0		0
6. POS Incurred But Not Reported Claims	0		0
7. Other Medical Liability	0		0
8. Unearned Premiums	3,400,808	XXX	3,400,808
9. Loans and Notes Payable	27,374	XXX	27,374
10. Amounts Due To Affiliates - Current	0	XXX	0
11. Aggregate Write-Ins for Current Liabilities	20,674,185	0	20,674,185
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	29,051,066	0	29,051,066
OTHER LIABILITIES:			
13. Loans and Notes Payable (Not Subordinated)	57,035	XXX	57,035
14. Loans and Notes Payable (Subordinated)	0	XXX	0
15. Accrued Subordinated Interest Payable	0	XXX	0
16. Amounts Due To Affiliates - Long Term	0	XXX	0
17. Aggregate Write-Ins for Other Liabilities	1,387,639	XXX	1,387,639
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	1,444,674	XXX	1,444,674
19. TOTAL LIABILITIES	30,495,740	0	30,495,740
NET WORTH			
20. Common Stock	XXX	XXX	68,216
21. Preferred Stock	XXX	XXX	0
22. Paid In Surplus	XXX	XXX	3,858,952
23. Contributed Capital	XXX	XXX	0
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	51,060,310
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	0
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	54,987,478
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	85,483,218
DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES			
1101. Deferred Revenue	2,521,308	0	2,521,308
1102. Accrued Salaries & Wages	11,551,207	0	11,551,207
1103. Reserve for IBNR	6,272,250	0	6,272,250
1104. Other Accrued Liabilities	329,420	0	329,420
1198. Summary of remaining write-ins for Item 11 from overflow page	0	0	0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	20,674,185	0	20,674,185
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES			
1701. Deferred Rent	1,387,639	XXX	1,387,639
1702.		XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	1,387,639	XXX	1,387,639
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS			
2501.	XXX	XXX	
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	0

STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
REVENUES:		
1. Premiums (Commercial)	6,302,996	6,302,996
2. Capitation	0	0
3. Co-payments, COB, Subrogation	40,833,797	40,833,797
4. Title XVIII - Medicare	0	0
5. Title XIX - Medicaid	16,889,732	16,889,732
6. Fee-For-Service	0	0
7. Point-Of-Service (POS)	0	0
8. Interest	40,080	40,080
9. Risk Pool Revenue	0	0
10. Aggregate Write-Ins for Other Revenues	-10,928	-10,928
11. TOTAL REVENUE (Items 1 to 10)	64,055,677	64,055,677
EXPENSES:		
Medical and Hospital		
12. Inpatient Services - Capitated	0	0
13. Inpatient Services - Per Diem	0	0
14. Inpatient Services - Fee-For-Service/Case Rate	0	0
15. Primary Professional Services - Capitated	16,467,249	16,467,249
16. Primary Professional Services - Non-Capitated	0	0
17. Other Medical Professional Services - Capitated	15,086,966	15,086,966
18. Other Medical Professional Services - Non-Capitated	659,056	659,056
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	0	0
20. POS Out-Of-Network Expense	0	0
21. Pharmacy Expense - Capitated	0	0
22. Pharmacy Expense - Fee-for-Service	0	0
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	15,691,892	15,691,892
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	47,905,163	47,905,163
Administration		
25. Compensation	2,482,083	2,482,083
26. Interest Expense	1,699	1,699
27. Occupancy, Depreciation and Amortization	480,232	480,232
28. Management Fees	0	0
29. Marketing	2,828,978	2,828,978
30. Affiliate Administration Services	0	0
31. Aggregate Write-Ins for Other Administration	1,197,364	1,197,364
32. TOTAL ADMINISTRATION (Items 25 to 31)	6,990,356	6,990,356
33. TOTAL EXPENSES	54,895,519	54,895,519
34. INCOME (LOSS)	9,160,158	9,160,158
35. Extraordinary Item	0	0
36. Provision for Taxes	129,355	129,355
37. NET INCOME (LOSS)	9,030,803	9,030,803
NET WORTH:		
38. Net Worth Beginning of Period	50,891,543	50,891,543
39. Audit Adjustments	0	0
40. Increase (Decrease) in Common Stock	0	0
41. Increase (Decrease) in Preferred Stock	0	0
42. Increase (Decrease) in Paid in Surplus	0	0
43. Increase (Decrease) in Contributed Capital	0	0
44. Increase (Decrease) in Retained Earnings:	0	0
45. Net Income (Loss)	9,030,803	9,030,803
46. Dividends to Stockholders	-4,934,868	-4,934,868
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	54,987,478	54,987,478

STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES		
1001. Unrealized Gain (Loss) - Short Term Investment	-15,024	-15,024
1002. Miscellaneous Income	4,096	4,096
1003.		
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	-10,928	-10,928
DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES		
2301. Occupancy, Depreciation & Amortization	4,860,000	4,860,000
2302. Supplies	3,381,041	3,381,041
2303. Bad Debts	3,534,457	3,534,457
2304. Insurance	1,139,654	1,139,654
2305. Telephone	512,960	512,960
2306. Postage & Courier	456,662	456,662
2398. Summary of remaining write-ins for Item 23 from overflow page	1,807,118	1,807,118
2399. TOTALS (Items 2301 thru 2306 plus 2398)	15,691,892	15,691,892
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101. Professional Service	658,339	658,339
3102. Supplies	97,127	97,127
3103. Occupancy, Depreciation & Amortization	12,578	12,578
3104. Postage & Courier	9,695	9,695
3105. Insurance	7,948	7,948
3106. Miscellaneous Expense	411,677	411,677
3198. Summary of remaining write-ins for Item 31 from overflow page	0	0
3199. TOTALS (Items 3101 thru 3106 plus 3198)	1,197,364	1,197,364
DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0	0

REPORT #3: STATEMENT OF CASH FLOWS

1	2	3
	Current Period	Year-to-Date
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
1. Group/Individual Premiums/Capitation	6,404,692	6,404,692
2. Fee-For-Service	0	0
3. Title XVIII - Medicare Premiums	0	0
4. Title XIX - Medicaid Premiums	14,703,111	14,703,111
5. Investment and Other Revenues	29,152	29,152
6. Co-Payments, COB and Subrogation	31,861,637	31,861,637
7. Medical and Hospital Expenses	-37,820,819	-37,820,819
8. Administration Expenses	-5,141,157	-5,141,157
9. Federal Income Taxes Paid	0	0
10. Interest Paid	-1,699	-1,699
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	10,034,917	10,034,917
CASH FLOW PROVIDED BY INVESTING ACTIVITIES		
12. Proceeds from Restricted Cash and Other Assets	0	0
13. Proceeds from Investments	0	0
14. Proceeds for Sales of Property, Plant and Equipment	0	0
15. Payments for Restricted Cash and Other Assets	0	0
16. Payments for Investments	-16,974	-16,974
17. Payments for Property, Plant and Equipment	-1,803,576	-1,803,576
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-1,820,550	-1,820,550
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:		
19. Proceeds from Paid in Capital or Issuance of Stock	0	0
20. Loan Proceeds from Non-Affiliates	1,175,658	1,175,658
21. Loan Proceeds from Affiliates	0	0
22. Principal Payments on Loans from Non-Affiliates	-2,275,658	-2,275,658
23. Principal Payments on Loans from Affiliates	0	0
24. Dividends Paid	-4,000,000	-4,000,000
25. Aggregate Write-Ins for Cash Provided by Financing Activities	-7,336	-7,336
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	-5,107,336	-5,107,336
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	3,107,031	3,107,031
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	346,168	346,168
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	3,453,199	3,453,199
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
30. Net Income	9,030,803	9,030,803
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
31. Depreciation and Amortization	1,046,760	1,046,760
32. Decrease (Increase) in Receivables	-7,625,372	-7,625,372
33. Decrease (Increase) in Prepaid Expenses	1,715,768	1,715,768
34. Decrease (Increase) in Affiliate Receivables	0	0
35. Increase (Decrease) in Accounts Payable	2,394,549	2,394,549
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	53,243	53,243
37. Increase (Decrease) in Unearned Premium	172,915	172,915
38. Aggregate Write-Ins for Adjustments to Net Income	3,246,251	3,246,251
39. TOTAL ADJUSTMENTS (Items 31 through 38)	1,004,114	1,004,114
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	10,034,917	10,034,917
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
2501. Principal Payment Under Lease Obligations	-7,336	-7,336
2502.		
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	-7,336	-7,336
DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME		
3801. Accrued Salaries and Wages	2,829,807	2,829,807
3802. Deposit & Other Assets	-132,387	-132,387
3803. Other Liabilities	523,303	523,303
3898. Summary of remaining write-ins for Item 38 from overflow page	25,528	25,528
3899. TOTALS (Items 3801 thru 3803 plus 3898)	3,246,251	3,246,251

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REPORT #4: ENROLLMENT AND UTILIZATION TABLE**TOTAL ENROLLMENT**

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	90,897	8,596	6,495	92,998	280,688			0		0	
2. Medicare Risk	0	0	0	0	0			0			
3. Medi-Cal Risk	75,785	5,761	6,642	74,904	226,370			0		0	
4. Individual	161,036	30,416	30,680	160,772	477,609			0		0	
5. Point of Service	0	0	0	0	0			0			
6. Aggregate write-ins for Other	0	0	0	0	0	0	0	0	0		
7. Total Membership	327,718	44,773	43,817	328,674	984,667	0	0	0	0	0	
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group				0				0			
602. Healthy Families				0				0			
603. AIM				0				0			
604. Medicare Cost				0				0			
605. ASO				0		N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0				0			
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for											
698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus											
699, 698) (Line 6 above)	0	0	0	0	0	0	0	0	0		

**

SCHEDULE A-1 (CASH)

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. Not Applicable		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9. Total Cash on Deposit		0
10. Cash on Hand (Petty Cash)		
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		0

SCHEDULE A-2 RESTRICTED ASSETS

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
12. Not Applicable		
13.		
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		0

* Indicate the Balance Per the HMO's Records

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STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	Not Applicable					0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25.						0
26.						0
27.						0
28.						0
29.						0
30.						0
31.						0
32.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

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STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	Westdent International, LLC	14,437	14,436	14,436	2,514,180	2,557,489
2.	Allowance for Doubtful Account-Westdent	(14,437)	-14,436	-14,436	-2,514,180	-2,557,489
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
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34.						0
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37.						0
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40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

**

STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 91-120 Days	6 Over 120 Days	7 Total
1.	Not Applicable						0
2.							0
3.							0
4.							0
5.							0
6.							0
7.							0
8.							0
9.							0
10.							0
11.							0
12.							0
13.							0
14.							0
15.							0
16.							0
17.							0
18.							0
19.							0
20.							0
21.							0
22.							0
23.	Aggregate Accounts Not Individually Listed - Due						0
24.	Total	0	0	0	0	0	0

**

SCHEDULE G - UNPAID CLAIMS ANALYSIS
SECTION I - CLAIMS UNPAID

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims	0	0	0
2. Physician Claims	0	0	0
3. Referral Claims	20,472	153,661	174,133
4. Other Medical	0	0	0
5. TOTAL	20,472	153,661	174,133

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11. Not Applicable						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

**

STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
1.	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
2.	Not Applicable					0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0

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STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag)
1. Not Applicable		XXX	0	
2. Previous Quarter			0	
3. Previous 2 Quarters			0	
4. Previous 3 Quarters			0	
5. Previous 4 Quarters			0	
6. Previous 5 Quarters			0	
7. Previous 6 Quarters			0	
8. Previous 7 Quarters			0	

* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

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NOTES TO FINANCIAL STATEMENTS	
1.	See attached notes to financial statements
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OVERFLOW PAGE FOR WRITE-INS		
1.	Report #2, Line 2398 Summary of Remaining Write-ins for Item 23 - Other Medical & Hospital Expenses	
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24.	Report #3, Line 3898 Summary of Remaining Write-ins for Item 38 - Adjustment to Net Income	
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STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

KNOX-KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

	1	2	3	4	5
A.	Explanation of the method of calculating the provision for incurred and unreported claims:				
1.					
B.	Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	Westdent International, LLC	Affiliates	Loan	2,557,489	Demand
3.	Less: Allowance for doubtful account	Affiliates	Loan	-2,557,489	Demand
4.					
5.					
6.					
C.	Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.	None				
8.					
9.					
10.					
11.					
D.	Forgiven debt or obligations, as detailed below:				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.	None				
13.					
14.					
15.					
E.	Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:				
16.	Net Equity			\$	54,987,478
17.	Add: Subordinated Debt			\$	0
18.	Less: Receivables from officers, directors, and affiliates			\$	0
19.	Intangibles			\$	14,567
20.	Tangible Net Equity (TNE)			\$	54,972,911
21.	Required Tangible Net Equity (See Page 22)			\$	1,002,709
22.	TNE Excess (Deficiency)			\$	53,970,202
F.	Percentage of administrative costs to revenue obtained from subscribers and enrollees:				
23.	Revenue from subscribers and enrollees			\$	47,136,793
24.	Administrative Costs			\$	6,990,356
25.	Percentage				15
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:			\$	42,692
27.	Total costs for health care services for the immediately preceding six months:			\$	92,223,268
28.	Percentage				0

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	
40. Total premium revenue earned	\$	
41. Percentage		0
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	
43. Total health care expenditures	\$	
44. Percentage		0
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		
51. Average Length of Stay for Point of Service enrollees		
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	

STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

		Full Service Plans		Specialized Plans	
		1		2	
A.	Minimum TNE Requirement	\$ 1,000,000		\$ 50,000	
B.	REVENUES:				
1.	2% of the first \$150 million of annualized premium revenues	\$		2% of the first \$7.5 million of annualized premium revenue	\$ 150,000
	Plus			Plus	
2.	1% of annualized premium revenues in excess of \$150 million	\$		1% of annualized premium revenue in excess of \$7.5 million	\$ 852,709
3.	Total	\$ 0		Total	\$ 1,002,709
C.	HEALTHCARE EXPENDITURES:				
4.	8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$		8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 255,034
	Plus			Plus	
5.	4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$		4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$ 0
	Plus			Plus	
6.	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$		4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$ 0
7.	Total	\$ 0		Total	\$ 255,034
8.	Required "TNE" - Greater of "A" "B" or "C"	\$		Required "TNE" - Greater of "A" "B" or "C"	\$ 1,002,709

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1	
1. Net Equity	\$	54,987,478
2. Add: Subordinated Debt	\$	
3. Less: Receivables from officers, directors, and affiliates	\$	
4. Intangibles	\$	
5. Tangible Net Equity (TNE)	\$	54,987,478
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$	
7. TNE Excess (Deficiency)	\$	54,987,478
ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II):		
I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):		
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$	
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$	
10. Add lines 8 and 9	\$	0
II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):		
<u>PART A</u>		
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$	
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$	
13. Add lines 11 and 12	\$	0
III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING		
14. Line 5 (above)	\$	54,987,478
15. Multiply Line 6 (above) by 130%	\$	0
16. Difference (Line 14 - Line 15)	\$	54,987,478
If Line 14 is less than Line 15, then monthly reporting is required		

STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

STATEMENT AS OF 3-31-2004 OF 933-0224 Western Dental Services, Inc.

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